Munchy Food Industries Sdn Bhd v Huasin Food Industries Sdn Bhd

FEDERAL COURT (PUTRAJAYA) — CIVIL APPEAL NO 02(f)-85–11 OF 2019(W)
ZAWAWI SALLEH, HASNAH HASHIM AND HARMINDAR SINGH FCJJ
5 OCTOBER 2021

Trade Marks — Infringement of — Registered trademark and passing off — Plaintiff claimed defendant for infringement of trademark and tort of passing off — Whether honest concurrent rights under trademark registration system relevant consideration in action for trademark infringement and/or passing off — Whether variation of registered trademark remedy that appellant should seek as option before commencing action for trademark infringement and/or passing off — Trade Marks Act 1976 ss 38 & 82(2)

The appellant ('plaintiff') was a manufacturer and seller of biscuits and confectionery since its incorporation in 1991. The plaintiff's house brand was 'munchy's' trademark. The plaintiff had various trademarks, one of which was the plaintiff's LEXUS mark which was registered on 23 January 1998 used on packages of the plaintiff's Lexus biscuits. The respondent ('defendant') also produced and sold of all kinds of confectionery items, one of which was the LEX biscuit. On 25 September 2015, the defendant applied to the Registrar of Trade Marks to register the defendant's Lex mark. The plaintiff filed an opposition to the defendant's trademark application. The plaintiff subsequently brought an action in the High Court for trademark infringement and passing off against the defendant. The plaintiff claimed that the defendant had infringed the plaintiff's registered trademark under s 38(1)(a) of the Trade Marks Act 1976 ('TMA') by using the trademark LEX which was deceptively similar to the plaintiff's trademark in relation to its products which included biscuits and/or cream sandwich. The plaintiff's claim for passing off was premised on the defendant's trademark which were confusingly similar to the plaintiff's trademark. The defendant filed a counterclaim pursuant to s 45(1)(a) of the TMA, for a court order to remove LEXUS registered mark from the register. The High Court found in favour of the plaintiff and held that the defendant's trademark infringed the plaintiff's trademark and the defendant's Lex products passed off on the plaintiff's Lexus products. The learned judicial commissioner allowed the plaintiff's claim and dismissed the defendant's counterclaim. Aggrieved, the defendant filed an appeal to the Court of Appeal but did not pursue the appeal in respect of the dismissal of the counterclaim, indicating they were prepared to accept the proposition that both the plaintiff's and defendant's trademarks could co-exist. The Court of

Appeal held that the learned judicial commissioner failed to consider the issue on the totality of evidence and ought to have allowed the trademarks in dispute to co-exist. As the defendant did not object both parties' mark to co-exist it was proposed that the parties should attempt to settle. This court granted the plaintiff leave to appeal against the decision of the Court of Appeal in respect of two questions of law: (a) whether honest concurrent rights under the trademark registration system a relevant consideration in an action for trademark infringement and/or passing off where the trademark of the defendant was not registered; and (b) whether variation of a registered trademark a remedy that a plaintiff should seek as an option before commencing an action for trademark infringement and/or passing off even if the trademark of the defendant was not registered.

Held, allowing the appeal with costs:

(1) Honest concurrent use was not pleaded by the defendant or canvassed by the parties in the High Court. The failure to plead honest concurrent use by the defendant was completely disregarded by the Court of Appeal. The reason for the decision of the Court of Appeal was clearly inconsistent with legal principles applicable not only in actions involving trademark infringement and passing off but, also the basic principle that parties were bound by their pleading. The judicial commissioner had dealt with the issues before him extensively and applied the correct principles of trademark laws and passing off. The Court of Appeal misdirected itself and committed an error of law. Hence, question 1 must be answered in the negative (see paras 40–42).

(2) In an action for trademark infringement, if the plaintiff succeeded in establishing the ingredients as provided under s 38 of the TMA, a case for trademark infringement would be made out. Section 38 of the TMA did not require a plaintiff to consider the option of variation of trademark before commencing an action for trademark infringement. Section 82(2) of the TMA provided that the provisions of the Act shall not affect the right of action in passing off. The High Court judge considered the evidence before him meticulously and concluded that despite the differences that there was a likelihood of deception/confusion. The plaintiff had exclusivity over the registered trademark and would not create a monopoly by the plaintiff of the biscuits. The plaintiff need not seek as an option before commencing an action for trademark infringement and/or passing off to vary its registered trademark as remedy under any circumstances especially if the trademark of the defendant was not registered (see paras 47, 49, 51 & 54).

[Bahasa Malaysia summary

Perayu ('plaintif') ialah pengeluar dan penjual biskut dan konfeksi sejak diperbadankan pada tahun 1991. Jenama plaintif ialah cap dagangan

A 'munchy's'. Plaintif mempunyai pelbagai cap dagangan, salah satunya adalah tanda LEXUS plaintif yang didaftarkan pada 23 Januari 1998 digunakan pada bungkusan biskut Lexus plaintif. Responden ('defendan') juga mengeluarkan dan menjual pelbagai jenis barangan konfeksi, salah satunya adalah biskut LEX. Pada 25 September 2015, defendan memohon kepada Pendaftar Cap
B Dagangan untuk mendaftarkan tanda Lex defendan. Plaintif memfailkan bantahan terhadap permohonan cap dagangan defendan. Plaintif kemudiannya membawa tindakan di Mahkamah Tinggi atas pelanggaran cap dagangan dan kelirupaan terhadap defendan. Plaintif mendakwa bahawa defendan telah melanggar cap dagangan berdaftar plaintif di bawah s 38(1)(a)
C Akta Cap Dagangan 1976 ('ACD') dengan menggunakan cap dagangan LEX yang serupa dengan cap dagangan plaintif berhubung kepada produknya yang termasuk biskut dan/atau sandwic krim. Tuntutan plaintif untuk kelirupaan adalah berdasarkan cap dagangan defendan yang mengelirukan serupa dengan
D cap dagangan plaintif. Defendan memfailkan tuntutan balas menurut s 45(1)(a) ACD, untuk perintah mahkamah untuk membatalkan tanda berdaftar LEXUS daripada pendaftaran. Mahkamah Tinggi memihak kepada plaintif dan memutuskan bahawa cap dagangan defendan melanggar cap dagangan plaintif dan produk Lex defendan kelirupaan pada produk Lexus
E plaintif. Pesuruhjaya kehakiman yang bijaksana membenarkan tuntutan plaintif dan menolak tuntutan balas defendan. Terkilan, defendan memfailkan rayuan kepada Mahkamah Rayuan tetapi tidak meneruskan rayuan berkenaan dengan penolakan tuntutan balas, menunjukkan mereka bersedia untuk menerima cadangan bahawa kedua-dua cap dagangan plaintif dan defendan
F boleh wujud bersama. Mahkamah Rayuan memutuskan bahawa pesuruhjaya kehakiman yang bijaksana gagal mempertimbangkan isu mengenai keseluruhan bukti dan sepatutnya membenarkan cap dagangan yang dipertikaikan wujud bersama. Oleh kerana defendan tidak membantah tanda kedua-dua pihak untuk wujud bersama, maka dicadangkan bahawa
G pihak-pihak harus cuba menyelesaikannya. Mahkamah ini memberikan kebenaran plaintif untuk merayu terhadap keputusan Mahkamah Rayuan berkenaan dengan dua persoalan undang-undang: (a) sama ada hak 'honest concurrent' di bawah sistem pendaftaran cap dagangan merupakan pertimbangan yang relevan dalam tindakan untuk pelanggaran cap dagangan
H dan/atau kelirupaan di mana cap dagangan defendan tidak didaftarkan; dan (b) sama ada perubahan cap dagangan berdaftar merupakan remedi yang patut dipohon oleh plaintif sebagai pilihan sebelum memulakan tindakan untuk pelanggaran cap dagangan dan/atau kelirupaan walaupun cap dagangan defendan tidak didaftarkan.

I **Diputuskan**, membenarkan rayuan dengan kos:

(1) Penggunaan 'honest concurrent' tidak diplid oleh defendan atau diteliti oleh pihak-pihak di Mahkamah Tinggi. Kegagalan untuk memplid penggunaan 'honest concurrent' oleh defendan telah tidak diendahkan

sepenuhnya oleh Mahkamah Rayuan. Alasan keputusan Mahkamah Rayuan jelas tidak konsisten dengan prinsip undang-undang yang terpakai bukan sahaja dalam tindakan yang melibatkan pelanggaran cap dagangan dan kelirupaan tetapi, juga prinsip asas bahawa pihak terikat dengan pliding mereka. Pesuruhjaya kehakiman telah menangani isu-isu di hadapannya secara meluas dan menggunakan prinsip undang-undang cap dagangan dan kelirupaan yang betul. Mahkamah Rayuan tersalah arah dan melakukan kesilapan undang-undang. Oleh itu, soalan 1 mesti dijawab secara negatif (lihat perenggan 40–42).

(2) Dalam tindakan untuk pelanggaran cap dagangan, jika plaintif berjaya membuktikan elemen seperti yang diperuntukkan di bawah s 38 ACD, kes bagi pelanggaran cap dagangan akan berbangkit. Seksyen 38 ACD tidak memerlukan plaintif mempertimbangkan pilihan perubahan cap dagangan sebelum memulakan tindakan bagi pelanggaran cap dagangan. Seksyen 82(2) ACD memperuntukkan bahawa peruntukan Akta tidak akan menjejaskan hak tindakan untuk kelirupaan. Hakim Mahkamah Tinggi menimbangkan keterangan di hadapannya dengan teliti dan membuat kesimpulan bahawa walaupun terdapat perbezaan terdapat kemungkinan penipuan/kekeliruan. Plaintif mempunyai eksklusiviti ke atas cap dagangan berdaftar dan tidak akan mewujudkan monopoli biskut oleh plaintif. Plaintif tidak perlu memohon sebagai pilihan sebelum memulakan tindakan untuk pelanggaran cap dagangan dan/atau kelirupaan untuk mengubah cap dagangan berdaftarnya sebagai remedi dalam apa jua keadaan terutamanya jika cap dagangan defendan tidak didaftarkan (lihat perenggan 47, 49, 51 & 54).]

Cases referred to

Al Baik Fast Food Distribution Co SAE v El Baik Food Systems Co SA and another appeal [2016] 5 MLJ 768; [2016] 9 CLJ 310, CA (refd)

Boh Plantations Sdn Bhd v Gui Nee Chuan & Ors [1975] 2 MLJ 213, FC (refd)

Erven Warnink BV and others v J Townend & Sons (Hull) Ltd and others [1979] 2 All ER 927, HL (refd)

Low Chi Yong (t/a Reynox Fertichem Industries) v Low Chi Hong & Anor [2018] 1 MLJ 175, FC (refd)

Ng Hoo Kui & Anor v Wendy Tan Lee Peng (administratrix for the estate of Tan Ewe Kwang, deceased) & Ors [2020] 12 MLJ 67; [2020] 10 CLJ 1, FC (refd)

Sinma Medical Products (M) Sdn Bhd v Yomeishu Seizo Co Ltd & Ors [2004] 4 MLJ 358; [2004] 3 CLJ 815, CA (refd)

Legislation referred to

Trade Marks Act 1976 (repealed by Trademarks Act 2019) ss 3(2), 6(4), (4)(c), 14(1)(a), 19, 20, 37(b), (c), 38, 38(1), (1)(a), 44, 45, 45(1)(a), 82(2)

Appeal from: Civil Appeal No W-02(IPCV)(W)-269–02 of 2018 (Court of Appeal, Putrajaya)

Indran Shanmuganathan (Sim Sook Eng and Elisia Engku Kangon with him) (Shearn Delamore & Co) for the appellant.

Khoo Guan Huat (Kuek Pei Yee, Melissa Long Lai Peng and Gooi Yang Shuh with him) (Skrine) for the respondent.

Hasnah Hashim FCJ (delivering judgment of the court):

INTRODUCTION

[1] This appeal concerns an alleged infringement of a trademark. The crux of the issue in this appeal is whether honest concurrent rights under the Trade Marks Act 1976 ('the TMA') and variation of a registered trademark under the Trade Marks Act are relevant considerations that need to be taken into account in an action for trademark infringement and/or passing off.

[2] On 22 October 2019, this court granted the plaintiff leave to appeal against the decision of the Court of Appeal in respect of these two questions of law:

> Question 1:
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> Is honest concurrent rights under the Trade Mark Registration system a relevant consideration in an action for trademark infringement and/or passing off where the trademark of the defendant is not registered? and
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> Question 2:
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> Is variation of a registered trademark a remedy that a plaintiff should seek as an option before commencing an action for trademark infringement and/or passing off even if the trademark of the defendant is not registered?

[3] For the purpose of this judgment, the parties will be referred to as they were in the High Court, namely the appellant as the plaintiff and the respondent as the defendant.

THE FACTUAL BACKGROUND

[4] The plaintiff, Munchy Food Industries Sdn. Bhd. is a manufacturer and seller of biscuits and confectionary since its incorporation in 1991. The plaintiff's house brand is 'Munchy's' trademark (Munchy's House Brand).

[5] The plaintiff has various trademarks, one of which is the plaintiff's LEXUS mark which was registered on 23 January 1998 (registration No 98013537) used on packages of plaintiff's Lexus biscuits.

[6] The plaintiff's Lexus products are packaged as follows:

[7] Sometime in August 2015, the plaintiff received a complaint from its customer who had wrongly associated the defendant's biscuit with that of the plaintiff's.

[8] The defendant also produce and sell of all kinds of confectionary items, one of which is the LEX biscuit. The defendant uses a combined mark comprising of stylised 'Lex' in a circular design with a curved stalk of wheat for the defendant's cream sandwich biscuit products. The defendant's Lex products are packaged as below:

[9] On 25 September 2015, the defendant applied to the Registrar of Trade Marks (registrar) to register the defendant's Lex mark. The plaintiff filed an opposition to the defendant's trademark application.

[10] The plaintiff subsequently brought an action in the High Court for trademark infringement and passing off against the defendant. The plaintiff claimed that the defendant had infringed the plaintiff's registered trademark under s 38(1)(a) of the TMA by using the trademark LEX which is deceptively

A similar to the plaintiff's trademark in relation to its products which include biscuits and/or cream sandwich. The plaintiff's claim for passing off was premised on the defendant's trademark which are confusingly similar to the plaintiff's trademark.

B **[11]** The defendant filed a counterclaim pursuant to s 45(1)(a) of the TMA for a court order to remove LEXUS Registered Mark from the Register based on the grounds that: (i) that the public is likely to be deceived and/or confused between plaintiff's LEXUS mark and Toyota's LEXUS mark pursuant to the first limb of s 14(1)(a) of the TMA read with s 37(b) of the TMA; and/or (ii) C that the plaintiff's LEXUS mark is not distinctive of plaintiff's Biscuits within the meaning of s 37(c) of the TMA. In the present case, it is pertinent to note that Toyota is not a party in this case and Toyota's LEXUS mark is not used for the biscuits produced by the plaintiff.

D THE HIGH COURT

[12] The High Court found in favour of the plaintiff and held that the defendant's trademark infringes the plaintiff's trademark and the defendant's E Lex products passes off on the plaintiff's Lexus products. In deciding so, the learned High Court judge addressed the defendant's counterclaim first, for the reason that if the defendant succeeds to remove the plaintiff's LEXUS mark from the Register, the plaintiff's claim based on infringement of the plaintiff's LEXUS mark shall consequently be dismissed on this ground alone.

F **[13]** The learned judicial commissioner allowed the plaintiff's claim and dismissed the defendant's counterclaim. He summarised his decision as follows:

G 74. In summary:

(1) a party sued for infringement of a registered trademark, is 'aggrieved' by the registered trademark under s 45(1)(a) TMA and is therefore entitled to file an Expungement Application;

H (2) the plaintiff is the 1st User of Plaintiff's LEXUS mark for biscuits in the course of trade in Malaysia;

(3) the defendant cannot rely on a Likelihood of Deception/Confusion [the first limb of s 14(1)(a) TMA read with ss 37(b) and 45(1)(a) TMA] to remove plaintiff's LEXUS mark from the Register because plaintiff is the I 1st User of plaintiff's LEXUS mark;

(4) an Expungement Application may rely on the existence of a Likelihood of Deception/Confusion between a registered trademark and a Stranger's trademark as a ground to remove the registered trademark from the Register;

(5) assuming that the plaintiff is not the 1st User of plaintiff's LEXUS mark for biscuits in the course of trade in Malaysia, there is nonetheless no likelihood of deception/confusion between plaintiff's LEXUS mark (used on plaintiff's Biscuits) and Toyota's LEXUS mark (used for LEXUS cars);

(6) the plaintiff's LEXUS mark is capable of distinguishing plaintiff's Biscuits from other brands of cream sandwich biscuits within the meaning of s 10(2A) TMA because the plaintiff's LEXUS mark is both inherently distinctive [s 10(2B)(a) TMA] and factually distinctive [s 10(2B)(b) TMA] of plaintiff's Biscuits;

(7) a house brand may be used together with a sub-brand for the same Goods/Services and both the house brand and sub-brand may be distinctive of the Goods/Services provided that the house brand and sub-brand fulfill the criteria of distinctiveness as laid down in s 10(2A), (2B) (a) and (b) TMA;

(8) notwithstanding *Hiu Kuan Hoe*, the court may still apply the imperfect recollection test in deciding a Likelihood of Deception/Confusion (regarding trademarks and tort of passing off) for goods purchased off the shelf. In this regard, the court should not undertake a side-by-side comparison between —

(a) the trademarks in question; and

(b) the goods in question;

(9) the defendant's use of Lex mark has infringed plaintiff's LEXUS mark under s 38(1)(a) TMA. In this regard, the defendant cannot rely on the 3 Purported Defences;

(10) the defendant has passed off defendant's Biscuits as plaintiff's Biscuits; and

(11) the court will not draw an adverse inference against the plaintiff under s 114(g) EA for not producing the Complaint and plaintiff's Accounts because such evidence is not material to this case and the plaintiff has not suppressed such evidence.

THE COURT OF APPEAL

[14] Aggrieved with the decision of the High Court, the defendant filed an appeal in the Court of Appeal. At the hearing of the appeal, the defendant decided not to pursue their appeal in respect of the dismissal of their counterclaim and indicated to the court that they were prepared to accept the proposition that both the plaintiff's and defendant's trademarks can co-exist.

[15] The main complaint of the defendant before the Court of Appeal is that the learned High Court judge applied the wrong test to assess a likelihood to deceive or cause confusion by narrowly applying a single 'essential feature' comparison. Learned counsel contended that the correct test is the holistic

approach; firstly, the court has to consider the marks as a whole, and secondly, the court has to consider all relevant circumstances of trade.

[16] Learned counsel for the defendant relied on the provision of s 38(1) of the TMA, that the plaintiff must establish, inter alia, that the defendant's trademark is so near resembling the plaintiff's registered trademark as to be likely to deceive or confuse the public and contended that the plaintiff had failed to do so as required by statute and authorities. It was further submitted by learned counsel for the defendant that in allowing the plaintiff's claim, the learned judicial commissioner had failed to apply the correct test to assess 'misrepresentation', similarly contingent on a likelihood of deception and confusion when he failed to compare the marks and get-up (ie packaging) as a whole and to all circumstances of trade.

[17] In response, learned counsel for the plaintiff submitted that evidence presented during the course of trial had established that the offending trademark used by the defendant in relation to the products was within the scope of registration of the plaintiff's trademark and resembling the plaintiff's registered trademark as likely to deceive or cause confusion amongst the consumers. There has been extensive and consistent use of the plaintiff's trademark by the defendant which resulted in goodwill and reputation to its business, which is a property right protected under the law of passing off.

[18] The Court of Appeal held that the learned judicial commissioner failed to consider the issue on the totality of evidence and ought to have allowed the trademarks in dispute to co-exist:

> [3] What the court has failed to consider is whether on the totality of evidence, it should allow the marks in dispute to co-exist and dismiss the plaintiff's claim as well as the counterclaim. In addition, the issues such as deception, confusion, imperfect or recollection, etc. must be dealt with the evidence of literacy level of the consumers purchasing the product. Bare reliance of case laws is merely a rhetoric when the literacy level of consumer is not taken into account. In *Keep Good Feel Corp Sdn Bhd (previously known as Fasa Bebas Sdn Bhd) & Anor v Pharma World (M) Sdn Bhd & Ors* [2010] 1 MLJ 242; [2009] 1 LNS 843, the court, inter alia, on the facts held:
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> > (2) The increased literacy level of the Chinese community in Malaysia at the age group of purchasing gynaecological products such as those offered by the plaintiffs and defendants, was sufficient for them to identify and distinguish the plaintiffs' and defendants' product. As such there was no basis for the plaintiffs' complaint of passing off or cause of action for malicious falsehood and slander of goods or infringement of trademark by relying on old common law cases on passing off to initiate proceedings.

[19] The Court of Appeal was of the view that s 45 of the TMA is

discretionary in nature. In such circumstances, the court is required to take a holistic approach and must be slow in granting equitable relief when the plaintiff has not demonstrated to the court that other provisions of TMA have been exhausted.

[20] As the defendant did not object for both parties' mark to co-exist it was proposed that the parties should attempt to settle. The Court of Appeal stated in its judgment:

> [15] In the instant case, we had given opportunity for the parties to settle the matter and pointed out the 'co-existence' provision. The defendant did not have objection for both parties mark to co-exist. If the proposition been placed before the learned High Court judge, the decision may have been different.

THE STATUTORY FRAMEWORK

[21] We begin our discussion with reference to the relevant provisions of the TMA. Section 6(4) of the TMA reads:

> (4) The incorporation of the previous registers into the Register shall have the following effect:
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> (a) where a trade mark has been registered and entered in all the previous registers by a proprietor for all three component regions of Malaysia, such a trade mark shall in its incorporation into the Register be deemed to be a registered trade mark in the name of such proprietor under this Act;
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> (b) where a trade mark has been registered and entered in any of the previous registers by a proprietor for any one or two of the component regions of Malaysia, such a trade mark shall in its incorporation into the Register be deemed to be a registered trade mark in the name of such proprietor under this Act if on the date on which this Act comes into force —
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> (i) no identical trade mark or trade mark so nearly resembling the first-mentioned trade mark in respect of the same goods or same description of goods as is likely to deceive or cause confusion has been registered and entered in the remaining previous register or registers prior to the date of the coming into force of this Act by a different proprietor or proprietors for any of the remaining component regions of Malaysia; and
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> (ii) no application for the registration of an identical trade mark or trade mark so nearly resembling the first-mentioned trade mark in respect of the same goods or same description of goods as is likely to deceive or cause confusion has been made prior to the date of the coming into force of this Act by another person for any of the remaining component regions of Malaysia or, where it has been made, it is subsequently refused, abandoned or successfully opposed;

A (c) where a trade mark has been registered and entered in any of the previous registers by a proprietor for any one or two of the component regions of Malaysia and an identical trade mark or trade mark so nearly resembling the first mentioned trade mark in respect of the same goods or same description of goods as is likely to deceive or cause confusion has been registered and entered in any of the previous registers by a different proprietor or proprietors for all or any one of the remaining component regions of Malaysia both the first mentioned trade mark and the identical trade mark or trade mark so nearly resembling the first mentioned trade mark in their incorporation into the Register shall be deemed to be registered trade marks in the names of the respective proprietors under this Act subject to concurrent use of the trade marks by their respective proprietors in accordance with subsection 20(1);

(d) where a trade mark has been registered and entered in any of the previous registers by a proprietor for any one or two of the component regions of Malaysia and only an application or applications for the registration of an identical trade mark or trade mark so nearly resembling the first mentioned trade mark in respect of the same goods or same description of goods as is likely to deceive or cause confusion has been made prior to the date of the coming into force of this Act by another person for any of the remaining component regions of Malaysia, the first mentioned trade mark in its incorporation into the Register shall be effective only in respect of the component region or regions of Malaysia in which it was originally registered unless the application or applications has or have been subsequently refused, abandoned or successfully opposed in which case the first mentioned trade mark shall be deemed to be a registered trade mark in the name of such proprietor under this Act.

[22] Section 19 of the TMA provides that no trademark shall be registered in respect of any goods or description of goods:

(a) that is identical with a trade mark belonging to a different proprietor and entered in the Register in respect of the same goods or description of goods or in respect of services that are closely related to those goods; or

(b) that so nearly resembles such a trade mark as is likely to deceive or cause confusion.

[23] However, in the case of honest concurrent use or the circumstances described in s 6(4)(c) of the TMA or of other special circumstances which, in the opinion of the court or the registrar, make it proper so to do, the court or the registrar may permit the registration of more than one proprietor in respect of trademarks which are identical or so nearly resembling each other as are likely to deceive or cause confusion where the registration of the different proprietors in respect of the same goods or description of goods; or in the case of at least one proprietor, is in respect of goods, and in the case of the other or others, is in respect of services closely related to those goods.

[24] Section 20 of the TMA relates to the registration of a competing trademark if honest concurrent use is shown, and provides as follows:

(1) Notwithstanding subsection 19(1), in the case of honest concurrent use or of the circumstances described in paragraph 6(4)(c) or of other special circumstances which, in the opinion of the Court or the Registrar, make it proper so to do, the Court or the Registrar may permit the registration of more than one proprietor in respect of trademarks which are identical or so nearly resembling each other as are likely to deceive or cause confusion where the registration of the different proprietors —

(a) is in respect of the same goods or description of goods; or

(b) in the case of at least one proprietor, is in respect of goods, and in the case of the other or others, is in respect of services closely related to those goods, subject to such conditions, amendments, modifications or limitations, if any, as the Court or the Registrar, as the case may be, may think right to impose.

(1A) Notwithstanding subsection 19(2), in the case of honest concurrent use or of other special circumstances which, in the opinion of the Court or the Registrar, make it proper so to do, the Court or the Registrar may permit the registration of more than one proprietor in respect of trade marks which are identical or so nearly resembling each other as are likely to deceive or cause confusion where the registration of the different proprietors —

(a) is in respect of the same services or description of services; or

(b) in the case of at least one proprietor, is in respect of services, and in the case of the other or others, is in respect of goods closely related to those services,

subject to such conditions, amendments, modifications or limitations, if any, as the Court or the Registrar, as the case may be, may think right to impose.

(2) The Registrar shall not refuse to register a trade mark which is identical to or so nearly resembling another trade mark in the Register if the appellant of the first mentioned trade mark or his predecessor in business has continuously used that trade mark from a date before —

(a) the use of that other trade mark by the registered proprietor or his predecessor in business or by a registered user; or

(b) the registration of that other trade mark by the registered proprietor or his predecessor in business, whichever is the earlier.

[25] Section 38 of the TMA deals with infringement of a trademark, the basis of this appeal:

(1) A registered trade mark is infringed by a person who, not being the registered proprietor of the trade mark or registered user of the trade mark using by way of permitted use, uses a mark which is identical with it or so nearly resembling it as is likely to deceive or cause confusion in the course of trade in relation to goods or services in respect of which the trade mark is registered in such a manner as to render the use of the mark likely to be taken either —

A (a) as being use as a trade mark;

(b) in a case in which the use is use upon the goods or in physical relation thereto or in an advertising circular, or other advertisement, issued to the public, as importing a reference to a person having the right either as registered proprietor or as registered user to use the trade mark or to goods with which the person is connected in the course of trade; or

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(c) in a case in which the use is use at or near the place where the services are available or performed or in an advertising circular or other advertisement issued to the public, as importing a reference to a person having a right either as registered proprietor or as registered user to use the trade mark or to services with the provision of which the person is connected in the course of trade.

C

OUR ANALYSIS AND DECISION

D

Question 1: Is honest concurrent rights under the trademark registration system a relevant consideration in an action for trademark infringement and/or passing off where the trademark of the defendant is not registered?

E **[26]** Before us learned counsel for the plaintiff submitted that the purpose of question 1 is to address the question on whether honest concurrent rights which is provided under the Act is a relevant consideration in a trademark infringement and/or passing off action when the defendant does not have any registered trademark.

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[27] It was argued by learned counsel for the plaintiff that the Court of Appeal fell into error when it considered the effect of s 20 of the TMA, which was not part of the pleaded case of the parties. The Court of Appeal referred to the case of *Al Baik Fast Food Distribution Co SAE v El Baik Food Systems Co SA and another appeal* [2016] 5 MLJ 768; [2016] 9 CLJ 310 which had addressed and considered the issue of honest concurrent rights; that is, the parties should have sought orders for co-existence of the marks to avoid confusion and generate healthy competition for the benefit of the public:

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H [13] We have read the appeal records and the able submissions of the parties. After much consideration to the submissions of the plaintiff, we take the view that the appeal should be allowed in favour of the defendant, limited to the plaintiff's claim as the defendant have informed the court that they are not pursuing the counterclaim. Our reasons, inter alia, are as follows:

I (a) It is well established from the facts of the case that both parties are genuine traders and not tortfeasor *per se.* Trademark law is not meant to give any form of monopoly to traders at the expense of the public. The Trade Marks Act itself provides provision for genuine traders who claim probable confusion may arise to seek suitable orders from the registrar of trademarks to vary the mark itself. This was explained in detail in the case

of *Al Baik Fast Food Distribution Co SAE v El Baik Food Systems Co SA and another appeal* [2016] 5 MLJ 768; [2016] 9 CLJ 310 and was followed in *Faiz Rice Sdn Bhd & Anor v Syarikat Faiza Sdn Bhd & Anor* (W-02(IPCV)(W)-1276–07 of 2017), where my learned brother Kamaludin bin Md Said JCA wrote the judgment endorsing the principles stated in *Al Baik*.

(b) We do not wish to repeat what was said in these cases, save to say that TMA is framed in such a way for the court to consider whether the parties should have sought orders for co-existence of the marks to avoid confusion and generate healthy competition for the benefit of the public as opposed to exercise minute technical arguments and reliance of cases from jurisdiction where 'co-existence' may not be part of the law then. Decisions of courts developed from early times without taking into consideration of our statutory framework will not stand as good precedent at all.

[28] Learned counsel for the plaintiff submitted that the focus of this appeal concerns an action for trademark infringement and passing off. The registrability or the registration of the defendant's trademark is not the subject matter of this dispute. Therefore, s 20 of the TMA is not a relevant provision for consideration in the determination of the issues before the Court of Appeal. Furthermore, the Court of Appeal had considered and decided the issues under s 20 of the TMA when the defendant did not plead honest concurrent use. As it was not pleaded by the defendant, the parties did not raise or even canvass or address the defence honest concurrent use in the High Court, naturally the High Court judge did not address on s 20 of the TMA and the defence of honest concurrent use.

[29] Learned counsel for the plaintiff urged this court to reverse the decision of the Court of Appeal as it has resulted in far reaching consequences; applying s 20 of TMA in favour of the defendant when it was never part of the pleaded case of the defendant. This resulted in injustice to the plaintiff as it was raised for the first time in the Court of Appeal with no evidence to support the proposition of honest concurrent use.

[30] Learned counsel for the plaintiff further argued that the Court of Appeal failed to consider the issue of passing off and had effectively dismissed the plaintiff's claims in passing off solely based on various provisions under the TMA. Trademark infringement and passing off are two separate and distinct actions. There are different ingredients that a party need to establish in each of these actions. In support learned counsel for the plaintiff cited the case of *Erven Warnink BV and others v J Townend & Sons (Hull) Ltd and others* [1979] 2 All ER 927 where it was held that in order to succeed in an action for passing off, five ingredients must be established:

A (a) misrepresentation;

(b) made in the course of trade;

(c) to prospective or ultimate customers;

B (d) calculated to injure the goodwill and reputation of the respondent; and

(e) which has resulted in damages.

[31] Learned counsel further submitted that the approach taken by the C Court of Appeal cannot be correct in view of s 82(2) of the TMA which *specifically* provides that provisions of the TMA shall not affect the right of actions in passing off:

(1) No person shall be entitled to initiate any action to prevent or to recover damages for the infringement of an unregistered trade mark.

D

(2) Notwithstanding subsection (1), nothing in this Act shall be deemed to affect the right of action against any person for passing off goods or services as those of another person or the remedies in respect thereof.

E **[32]** In response, learned counsel for the defendant argued that the basis of question 1 is on erroneous premise that the Court of Appeal rejected the plaintiff's claim for trademark infringement and passing off because of honest concurrent rights of the defendant's trademark is allowed under s 20 of the TMA and as a consequence both trademarks may co-exist. It was further F submitted that there is a distinction between 'coexistence' and 'honest concurrent use'. He explained that honest concurrent use arises where, despite two competing marks being identical or so similar that they cause a likelihood of deception or confusion, due to prolonged concurrent use or other special circumstances, both marks are nevertheless registrable and/or not infringing of G each other. The term 'co-existence' generally refers to the factual scenario where two marks are not deceptively or confusingly similar, and, thus, can be used in the trade without incidence or exception.

[33] It was further argued that among the reasons that the Court of Appeal H applied the term 'co-existence' is the reference to whether consumer literacy levels are likely able to be confused or able to identify and distinguish the plaintiff's and that of the defendant's products. The thrust of the Court of Appeal's decision that the plaintiff's mark and the defendant's mark, their respective products and packaging, can *co-exist* was within its usual meaning. I That there would be a lack of likely deception and confusion, and not on an application of *honest concurrent use* as the plaintiff asserts. Therefore, learned counsel submitted that an examination of question 1 on 'honest concurrent rights' is unnecessary as it does not address the thrust of the Court of Appeal decision, as there was no decision on *honest concurrent use*, only *co-existence*.

[34] Learned counsel for the defendant argued that even if the Court of Appeal had applied the doctrine of honest concurrent use it is relevant to trademark infringement and passing off actions, even where the defendant's mark is an unregistered mark and that under Malaysian laws trademark need not be registered to accrue rights and goodwill.

[35] The Court of Appeal's reasoning for allowing the appeal by the defendant is premised on the following:

> Our reasons, inter alia, are as follows:
>
> (a) It is well established from the facts of the case that both parties are genuine traders and not tortfeasor per se. Trademark law is not meant to give any form of monopoly to traders at the expense of the public. The Trade Marks Act itself provides provision for genuine traders who claim probable confusion may arise to seek suitable orders from the registrar of trademarks to vary the mark itself. This was explained in detail in the case of *Al Baik Fast Food Distribution Co SAE v El Baik Food Systems Co SA and another appeal* [2016] 5 MLJ 768; [2016] 9 CLJ 310 and was followed in *Faiz Rice Sdn Bhd & Anor v Syarikat Faiza Sdn Bhd & Anor* (W-02(IPCV)(W)-1276–07 of 2017), where my learned brother Kamaludin bin Md Said JCA wrote the judgment endorsing the principles stated in Al Baik.
>
> (b) We do not wish to repeat what was said in these cases, save to say that TMA is framed in such a way for the court to consider whether the parties should have sought orders for co-existence of the marks to avoid confusion and generate healthy competition for the benefit of the public as opposed to exercise minute technical arguments and reliance of cases from jurisdiction where 'co-existence' may not be part of the law then. Decisions of courts developed from early times without taking into consideration of our statutory framework will not stand as good precedent at all.
>
> [14] In addition, it must be noted that s 45 of the Trade Marks Act 1976 does not per se recognize substantive rights of parties. It is discretionary in nature and the court is required to take a holistic approach, taking into consideration other provisions of the Act. Very importantly, if the plaintiff is seeking a declaratory relief, the court must be slow in granting equitable relief when the plaintiff has not demonstrated to the court that other provisions of the Act have been exhausted. In the instant case, 'co-existence' is an option with suitable variation of the mark under the Act. Courts attempting to conclude 'trade mark' rights are substantive in nature only leads to promoting litigation at the expense of the public. The TMA is not framed in such a way for the courts to establish a 'monopoly' regime.
>
> [15] In the instant case, we had given opportunity for the parties to settle the matter and pointed out the 'co-existence' provision. The defendant did not have objection for both parties mark to co-exist. If the proposition been placed before the learned High Court judge, the decision may have been different.

[36] It is trite law that in a trademark infringement case, the burden lies with the plaintiff to prove that he owns a valid registered trademark and that the defendant had used the plaintiff's trademark in the course of trade without consent. And that unlawful usage of the trademark owned by the plaintiff caused deception or confusion among the customers. Gill CJ had the occasion to state in the case of *Boh Plantations Sdn Bhd v Gui Nee Chuan & Ors* [1975] 2 MLJ 213 that in an action for infringement it is the plaintiff that will complain of infringement against the defendant:

> In an action for infringement the plaintiff complains that the defendant has infringed his trademark by taking in its entirety, or by taking a substantial portion of it, or by colourably imitating it, and he relies on his statutory title to the exclusive use of the mark in question for goods of a specified kind.

[37] To establish a case in trademark infringement, the essential ingredients as provided under s 38 of the TMA must be satisfied. The word 'use' in s 38 of the TMA, is defined in s 3(2) of the TMA which reads:

> In this Act —
>
> (a) references to the use of a mark shall be construed as references to the use of a printed or other visual representation of the mark;
>
> (b) references to the use of a mark in relation to goods shall be construed as references to the use thereof upon, or in physical or other relation to, goods; and
>
> (c) references to the use of a mark in relation to services shall be construed as references to the use thereof as a statement or as part of a statement about the availability or performance of services.

[38] In *Low Chi Yong (t/a Reynox Fertichem Industries) v Low Chi Hong & Anor* [2018] 1 MLJ 175 the issue was whether a proprietor in consenting to the use of their registered trademark by company or a firm he is still a shareholder/director or a partner of, can be considered as having abandoned their exclusive right to the trademark in perpetuity, even if they derive no benefit. The Federal Court held that, where the protection given to the registered trademark owner is clearly spelt out, and as consent was never given by them to the respondents after leaving the second respondent, the principles of abandonment, estoppel, acquiescence and laches were not applicable. Suriyadi Halim Omar FCJ delivering the judgment of the court emphasised that the burden of proof in trademark infringement case lies with the party alleging that his trademark have been infringed and that the party complaining of the infringement must establish the following:

(a) he owned a valid trademark;

(b) that the trademark was used in the course of trade without consent; and

(c) the unlawful usage of the trademark owned by him had caused deception/confusion among the prospective customers.

[39] With respect, the Court of Appeal adopted a wrong approach Instead of considering the conflicting tests argued by the parties in determining the likelihood of confusion or deception in an action for trademark infringement, the Court of Appeal considered issues which were not pleaded and concluded that parties should have sought orders for co-existence of the marks to avoid confusion and generate healthy competition for the benefit of the public.

[40] Honest concurrent use is a defence, that is, the defendant had use the trademark bona fide and had no knowledge of the registered trademark. In order for the court to consider and apply the provision of s 20 of the TMA honest concurrent use of the trademark must be pleaded. However, in this appeal honest concurrent use was not pleaded by the defendant or canvassed by the parties in the High Court. The failure to plead honest concurrent use by the defendant was completely disregarded by the Court of Appeal. Instead the Court of Appeal opined that if the proposition that the parties were given the opportunity to settle the dispute and that the defendant did not have objection for both the parties' marks to co-exist were placed before the learned judicial commissioner, the decision may have been different. Even if the defendant had pleaded honest concurrent use there were no evidence adduced by the defendant that they had use the trademark bona fide and had no knowledge of the plaintiff's registered trademark.

[41] The reason for the decision of the Court of Appeal is clearly inconsistent with legal principles applicable not only in actions involving trademark infringement and passing off but, also the basic principle that parties are bound by their pleading. The Court of Appeal departed from the well-trodden path of procedure. Pleadings represents the cornerstone of any litigant's case. The court should confine its decision to the question raised in the pleadings. A court cannot make out a case not pleaded. Nor can it grant a relief which is not claimed. The judicial commissioner had dealt with the issues before him extensively and applied the correct principles of trademark laws and passing off.

[42] Even for a moment a holistic approach is taken, the court cannot simply ignore the basic tenets of pleadings and the laws relating to the dispute between the parties in this case the TMA. On the factual matrix of the instant case, I am in total agreement with the submission of the learned counsel for the plaintiff. I am of the firm opinion that the circumstances that the Court of Appeal misdirected itself and committed an error of law. Based on the foregoing

A analysis of the provisions of TMA as well as having regard to settled law on trademark infringement and more importantly, on pleadings question 1 must be answered in the negative.

Question 2: Is variation of a registered trademark a remedy that a plaintiff should
B *seek as an option before commencing an action for trademark infringement and/or passing off even if the trademark of the defendant is not registered?*

[43] The Court of Appeal held that the plaintiff failed to demonstrate that the provisions of the TMA had been exhausted before commencing its action
C for trademark infringement and/or passing off. Learned counsel for the plaintiff contended that the issue before this court is whether variation of a registered trademark is a remedy that a plaintiff should seek as an option before commencing an action for trademark infringement and/or passing off even if
D the trademark of the defendant is not registered.

[44] Learned counsel for the plaintiff referred to the provision of s 44 of the TMA which provides that a registered proprietor of a trademark may apply to the trademarks registrar for leave to add to or alter the trademark. It is absurd
E to even to suggest that the plaintiff vary its registered trademark which they had registered in 1998 and used for almost 23 years, that is *17 years before* the defendant had even commenced the use of its trademark. Given that the defendant's trademark has yet to be registered, the Registrar of Trade Marks is not empower under the TMA to order the plaintiff to vary the trademark.

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[45] In response, learned counsel for the defendant highlighted to this court that the Court of Appeal had allowed the appeal for other reasons and not due to the failure of the plaintiff to seek variation orders. In fact, no variation was
G ordered or even suggested by the Court of Appeal. The Court of Appeal references to variation were mere observations and recommendations.

[46] The Court of Appeal opined that the plaintiff should have sought the option of variation of the trademark as provided under s 44 of the TMA prior
H to commencing the action for trademark infringement and passing off. Section 44 of the TMA provides that a registered proprietor of a trademark may apply to the trademarks registrar for leave to add to or alter the trademark in any manner not substantially affecting the identity of the mark.

I **[47]** In an action for trademark infringement, if the plaintiff succeeds in establishing the ingredients as provided under s 38 of the TMA, a case for trademark infringement would be made out. Section 38 of the TMA does not require a plaintiff to consider the option of variation of trademark before commencing an action for trademark infringement.

[48] Learned counsel for the plaintiff urged this court to consider and reverse the decision of the Court of Appeal as it introduced an obligation upon those who possessed a registered trademark to apply for variation before initiating an action for trademark infringement.

[49] I am in agreement with the submission advanced by learned counsel for the plaintiff that s 82(2) of the TMA provides that the provisions of the Act shall not affect the right of action in passing off. I cannot comprehend why, despite this provision, the Court of Appeal had reversed the decision of the High Court, in particular, the action in passing off.

[50] A plaintiff in a passing off action is not required to prove that the public is actually deceived or confused between the goods or services of the plaintiff and defendant (see: *Sinma Medical Products (M) Sdn Bhd v Yomeishu Seizo Co Ltd & Ors* [2004] 4 MLJ 358; [2004] 3 CLJ 815).

[51] In deciding the existence of a likelihood of deception and/or confusion, the court cannot rely merely on a visual comparison between the packaging of the defendant's biscuits and that of plaintiff's biscuits. In this regard, the High Court judge considered the evidence before him meticulously and concluded that despite the differences that there is a likelihood of deception/confusion based on the following reasons:

(1) both the packagings of defendant's biscuits and plaintiff's biscuits have the following three striking similarities —

(a) the packagings of defendant's biscuits and plaintiff's biscuits have the same first three letters in the same sequence (LEX) (three letters). The three letters are given the biggest prominence in both the packagings of defendant's biscuits and plaintiff's biscuits. In comparison to Lex Mark, the SAMUDRA Mark and Banana Logo are inconspicuous in packets containing defendant's Biscuits;

(b) both the packagings of defendant's biscuits and plaintiff's biscuits have a 'cream sandwich biscuit device' which is given prominence; and

(c) the packets of defendant's biscuits and plaintiff's biscuits is in the same rectangular shape; and

(2) the same reasons which support a likelihood of confusion/deception (trademark infringement) between the plaintiff's LEXUS mark and Lex mark (please see the above para 55) also support a likelihood of deception/confusion (passing off).

[52] Thus, on the facts and evidence the High Court found that the similarities in the packaging of defendant's biscuits will lead or likely to lead the consumers to believe that defendant's biscuits are that of the plaintiff's biscuits.

[53] This is the findings of facts by the trial court. Typically, an appellate will not reverse a trial court's findings of facts unless that finding was 'plainly wrong' (see: *Ng Hoo Kui & Anor v Wendy Tan Lee Peng (administratrix for the estate of Tan Ewe Kwang, deceased) & Ors* [2020] 12 MLJ 67; [2020] 10 CLJ 1).

[54] I am satisfied that the plaintiff has exclusivity over the registered trademark and will not create a monopoly by the plaintiff of the biscuits. The plaintiff need not seek as an option before commencing an action for trademark infringement and/or passing off to vary its registered trademark as remedy under any circumstances especially if the trademark of the defendant is not registered.

CONCLUSION

[55] I have considered the competing submissions of counsels before me, read all the authorities cited during arguments. After a careful reading of the section and having regard to the philosophy behind it, I am of the view that there is merit in the appellant's appeal. In the circumstances of the case, we allow the appellant's appeal with costs.

[56] I, therefore, set aside the decision of the Court of Appeal and reinstate the decision of the High Court. My learned brothers, Mohd Zawawi Salleh and Harmindar Singh Dhaliwal FCJJ have read this judgment in draft and have expressed their agreement with it.

Appeal allowed with costs.

Reported by Ahmad Ismail Illman Mohd Razali